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### City Manager's Message

An overview of the Annual Budget through financial, fund balance and personnel summaries

# BUDGET MESSAGE AND OVERVIEW

## CONSERVING WATER

### FOR OUR FUTURE



*Before you plant, think about mature size. Take into consideration the roof of your home, your walls and your neighbors. Constantly pruning a mature plant to fit a small space puts stress on the plant and it will consequently use more water.*

**To the Honorable Mayor and Members of the City Council:**

I am pleased to submit the City of Chandler 2004-05 Annual Budget as approved by Council May 27, 2004.



Chandler continues to be in an enviable position in light of what other communities are facing. This has been accomplished by Council's commitment to a high quality, well-planned, fiscally sound, diversified community. However, as Council is aware, increases in medical costs, decreases in state shared revenues and increased service demands due to growth, will require tough decisions to balance our budget. Not only for the proposed fiscal year, but for future years as we move forward to build out.

This adopted budget is reflective of providing what we believe is necessary to maintain quality service levels while maintaining financial stability. Staff was once again challenged to look for ways to provide services for continued population growth by decreasing their base budgets by 1% and reallocating existing on-going resources. Staff also made other recommendations to balance the budget. These will be discussed in the "Major Budget Issues" chapter of this document (pg 54).

The budget also contains the following:

- Conservative but realistic revenue projections;
- On-going revenues support on-going expenditures, one-time funds support one-time expenditures;
- Operating costs for capital projects constructed in 2004/05 are included in budget;
- A 15% contingency reserve for general and solid waste funds, 25% for water and wastewater funds;
- A general salary adjustment (2%) plus competitive compensation and benefit package for employees;
- No increase in the current property tax rate of \$1.28 per \$100 of assessed value;
- No increase in the water and wastewater rates;
- Increase in solid waste rates yet to be determined;

#### BUDGET HIGHLIGHTS

The 2004-05 Adopted Budget is balanced at **\$636.5-million**; this represents a 4.8% increase from the previous year's budget. A large share of this (\$193.9-million) is attributable to Carryforward and Encumbrance Reserves appropriated for prior year capital programs and open purchase orders. After these items are removed, the net adjusted 2004-05 budget of \$442.6-million represents a 4.5% decrease below the adjusted budget of \$463.6-million for 2003-04.

The financial policies and major issues in this financial plan are discussed more fully in the Budget Policies chapter of this document.

The Council adopts the Capital Improvement Program (CIP) on the same date as the final adoption of the Annual Budget. The first year of the Capital Improvement Program serves as the basis for the capital appropriation for the fiscal year 2004-05 budget; this totals \$128-million. Subsequent years of the CIP are approved on a planning basis only and require appropriation authority in each of the future fiscal years. Detailed descriptions and five-year budget plans for capital projects are included in the Capital Budget section of this document.

As we look to the future with a commitment to ensure that Chandler remains a viable community, it is important to celebrate some accomplishments attained over the past year. The guidance and leadership provided by the Mayor and Council, along with the expertise and dedication of City staff, have made these accomplishments possible. Listed below are a few of our accomplishments over the past year.

## **2003-04 ACHIEVEMENTS**

- The Government Finance Officers' Association has awarded the City its 16<sup>th</sup> consecutive Distinguished Budget Presentation Award and its 21<sup>st</sup> consecutive Certificate of Achievement in Financial Reporting for the comprehensive annual financial report, the highest form of recognition in the area of governmental budgeting, accounting and financial reporting.
- Fleet Services and Central Supply relocated to new 15,000 and 22,000 SF facilities located at the new McQueen Road Operations Yard.
- The Purchasing Division received Outstanding Agency Accreditation from the National Institute of Governmental Purchasing—only the 55<sup>th</sup> awarded nationally.
- Fitch Ratings gave the City of Chandler general obligation bonds the highest bond rating possible, a AAA rating. The City of Chandler is one of four cities in the five-state Western region to get an AAA rating. Standard and Poor's upgraded the City's general obligation bonds from AA to AA+.
- Tax and Utility Services upgraded the Utility Billing system in order to implement Interactive Voice Response (IVR) and allow customers to access their accounts and pay their utility bills via the telephone and Internet.
- In August, 2003 the City unveiled a completely redesigned Web site and changed its primary domain name to [www.chandleraz.gov](http://www.chandleraz.gov).
- Communications and Public Affairs was the recipient of several awards including: the Copper Anvil and 2003 Communicator Award for the CAPA Guide; the 2003 + 2004 Telly Awards plus the 2003 Communicator Award for video production of segments aired as part of the "City Scope" and "Public Works at Work" programs; the 2003 + 2004 Videographer Awards for "Public Works at Work" and "First Due" segments as part of their monthly magazine-style shows.
- A community service program was established in Courts that requires defendants placed on probation to perform community service hours at the Chandler Municipal Airport.
- Successfully relocated three Special Events to Tumbleweed Park. The Ostrich Festival and Old Fashioned 4<sup>th</sup> of July Celebration were moved and attracted over 100,000 between the two events. In addition, the Chandler Fall Rhythm Fest was moved from Arrowhead Meadows Park and attracted approximately 10,000 people.
- Completed the remodeling of "Pages @ the Downtown Library" to create a more functional and attractive reading, popular materials, and programming space and enhanced the Friends' retail area.
- In cooperation with Chandler Unified School District, the Basha Branch Library opened in late July, 2003.
- In partnership with the Chandler Chamber of Commerce and the City's Economic Development Department, received a Library Services and Technology Act grant to establish a business information partnership that will enhance communication, provide better access to information resources, and support small businesses and entrepreneurs in the community. The LEED (Local Engines of Economic Development) project will serve as a pilot that ultimately will be implemented in communities throughout the state.
- Library volunteers contributed 12,637 service hours, the equivalent of 7 full-time staff members.
- Completed construction of Phase 3 of Tumbleweed Park. La Paloma and Chuparosa Parks were completed and dedicated and Los Arboles Park was constructed.
- Completed construction of Fire Station #8 located at 811 W. Frye Road.

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**Budget Message and Overview**

- Completed the expansion of the Richard T. Felix Property and Evidence Facility from 12,410 to 31,865 square feet. This facility will be used for storage of property and evidence turned in by officers plus two forensic vehicle-processing bays, a police communications emergency operations/training center and space for Special Assignment Unit (SAU) vehicle storage.
- The Police Department Video division was a winner in the Communicator Awards 2004 print media competition for its fiscal year 2002-03 Annual Report. The report received special honors with the Award of Distinction, which is given for projects that exceed industry standards in communicating a message or an idea.
- The City's Public Works and Municipal Utilities Departments became the first city in Arizona and the fifteenth agency in the United States to earn national accreditation from the American Public Works Association.
- Administered 70 capital improvement program construction projects, for a total of \$69 million. Change orders on closed out projects were less than 1.8% of the overall construction costs.
- Several safety precautions were completed in 2003 to all Ford Crown Victoria Police Interceptors in the department's fleet. All 130 vehicles have been fitted with fuel tank bladders, fire panels, and shield kits.
- The American Water Pollution Control Association (AWPCA) presented several awards to the City of Chandler: the Reverse Osmosis Facility (RO Facility) won the Operations Supervisor of the Year; Wastewater (Industrial) Award; the Gimmicks & Gadgets Award; and two Plant Safety Awards—one was presented to the RO Facility and the other went to the Water Treatment Plant.
- Completed the 5 MGD expansion of the Airport Water Reclamation Facility to serve new growth in the southeast portion of the City.
- Completed pavement rehabilitation on 35 lane miles of arterial/local streets, completed 57 lane miles of slurry and micro seal, 70 lane miles of acrylic seal, and 27 miles of asphalt millings in alleys throughout the City.
- Installed 1,100 new streetlights through land development and capital improvement projects, performed on-going maintenance on over 23,000 streetlights and 153 traffic signals, installed 17 new permanent traffic signals and 7 temporary span wire signals throughout the City.
- Received grants totaling over \$1.2-million from federal and state aviation grant programs.
- Assisted 23 industrial/office firms to locate or expand in Chandler creating an estimated 4,000 jobs and occupying more than one million square feet of space.
- Invested in capital improvements projects in Downtown: added period lighting along Boston Street, Commonwealth Avenue and Buffalo Street, created two new parking areas for Olde Towne Market Square and Downtown, repaved alleys to serve the Downtown Merchants, and created downtown directional signing.

### **STRATEGIC ISSUES FOR FUTURE ENDEAVORS**

The Mayor and Council have responded to the challenges of this growth through strategic planning and long-standing commitments to quality of life issues, public safety for citizens and support of economic development. Council strategic issues were used as the basis for the proposed budget. Highlights of these issues are provided on the following page.



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Budget Message and Overview

- **TRANSPORTATION** - Continue the evaluation of corridors relative to capacity improvements while maintaining quality aesthetic appearance and improve public transit.
- **ECONOMIC DEVELOPMENT** - Continue to attract quality businesses that compliment our community as well as evaluating ideas for addressing commercial vacancies and the redevelopment of older strip centers.
- **DOWNTOWN REDEVELOPMENT** – Continue redevelopment of downtown area and develop marketing plan for Historic Downtown Chandler in conjunction with merchants.
- **NEIGHBORHOOD REVITALIZATION** - Continue revitalization preserving older neighborhoods through various neighborhood program initiatives and support of neighborhood improvements projects through grants.
- **AGING INFRASTRUCTURE** - Continue to evaluate and begin improvements on aging infrastructure (e.g. streets, water, and wastewater systems).
- **AGING COMMERCIAL CENTERS** - Continue retention and expansion visits to identify distressed strip shopping centers and devise programs for improvements and assistance.
- **BUILD OUT STRATEGY** – Create a vision and strategy to maintain quality services in a fiscally sound manner as the City approaches 95% residential build-out in six to seven years, commercial in eight to eleven years and employment build-out by 2030 to 2040.

### CONCLUSION

Many employees in the organization contributed to the preparation of this budget. Their commitment to providing accurate and understandable financial information is greatly appreciated. Special thanks go to the Management Services Department, and in particular, the Budget Staff and all the employees who assisted in preparing a comprehensive budget document and capital improvement program. Thank you for your hard work and dedication.

Respectfully submitted,



W. Mark Pentz  
City Manager

## 2004-05 ADOPTED BUDGET SUMMARIES

The Chandler City Council adopted the 2004-05 Budget of \$636,460,827 on May 27, 2004. Chandler's budget is balanced with total resources equal to total expense appropriation within each fund, as well as in the aggregate. The following pages contain additional summary information including comparisons to previous fiscal years.

The Adopted Budget includes an operating budget of \$188,144,246, capital expenses (non grant) of \$301,906,424, funding for debt service of \$38,188,552, cost center interfund payments for capital replacement of \$3,608,984, grant expenses of \$39,858,774, plus a revised contingency and reserve in the amount of \$64,753,847.

### RESOURCES

	2002-03 Actual	2003-04 Adopted Budget	2004-05 Adopted Budget	Budget Percentage Change
<b>Revenues</b>	\$ 256,138,630	\$ 259,333,360	\$ 288,400,200	11.2%
<b>Fund Balances</b>	-	287,700,429	281,698,597	(2.1%)
<b>Grants</b>	10,698,383	35,247,712	36,437,030	3.4%
<b>Sale of Bonds</b>	36,375,000	25,089,124	29,925,000	19.3%
<b>Total Resources</b>	<b>\$ 303,212,013</b>	<b>\$ 607,370,625</b>	<b>\$ 636,460,827</b>	<b>4.8%</b>
Encumbrance or Carryforward from Prior Years	-	(143,742,196)	(193,853,617)	
<b>Net Adjusted Budget</b>	<b>\$ 303,212,013</b>	<b>\$ 463,628,429</b>	<b>\$ 442,607,210</b>	<b>(4.5%)</b>

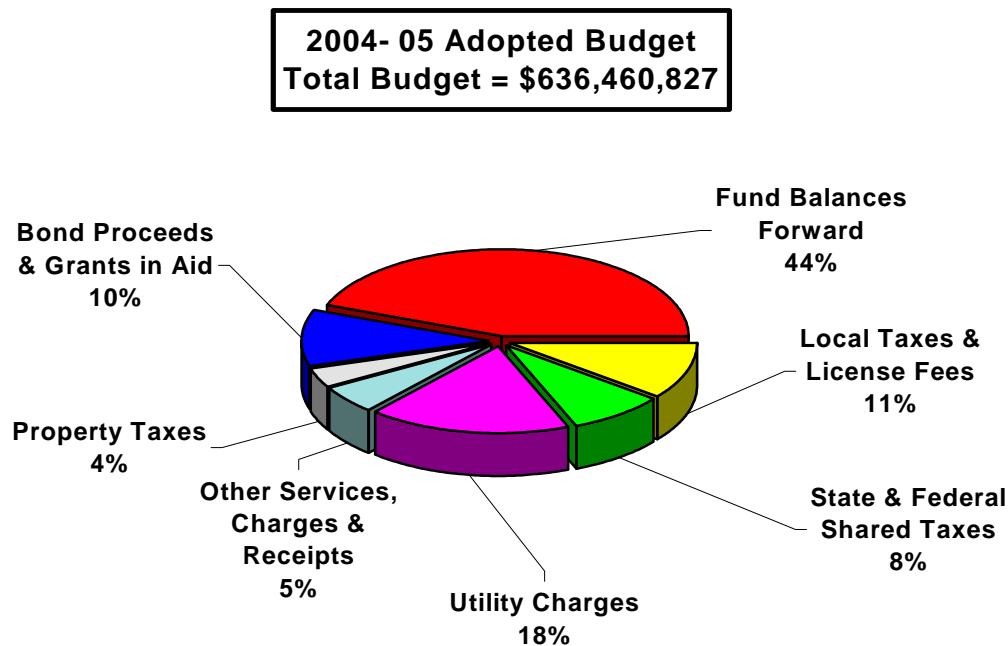
### APPROPRIATIONS

	2002-03 Actual	2003-04 Adopted Budget	2004-05 Adopted Budget	Budget Percentage Change
<b>General Government</b>	\$ 86,723,215	\$ 133,718,412	\$ 131,084,079	(2.0%)
<b>Public Safety</b>	58,452,477	77,414,107	77,975,358	0.7%
<b>Public Works</b>	36,995,467	99,425,933	123,384,041	24.1%
<b>Municipal Utilities</b>	64,972,030	164,313,511	194,855,600	18.6%
<b>Fund Contingencies and Reserves*</b>	-	92,366,976	64,753,847	(29.9%)
<b>Debt Service</b>	31,792,025	35,546,789	38,188,552	7.4%
<b>Capital/Computer Replacement</b>	4,322,814	4,584,897	6,219,350	35.6%
<b>Total</b>	<b>\$ 283,258,028</b>	<b>\$ 607,370,625</b>	<b>\$ 636,460,827</b>	<b>4.8%</b>
Encumbrance or Carryforward from Prior Years	-	(143,742,196)	(193,853,617)	
<b>Net Adjusted Budget</b>	<b>\$ 283,258,028</b>	<b>\$ 463,628,429</b>	<b>\$ 442,607,210</b>	<b>(4.5%)</b>

\*Contingency funds and reserves are one-time revenues comprised of various funds of which the majority is restricted in their use. These funds can be used for unanticipated revenue shortfalls or unforeseen or emergency expenditures. Use of these funds requires Council approval.

## WHERE THE MONEY COMES FROM

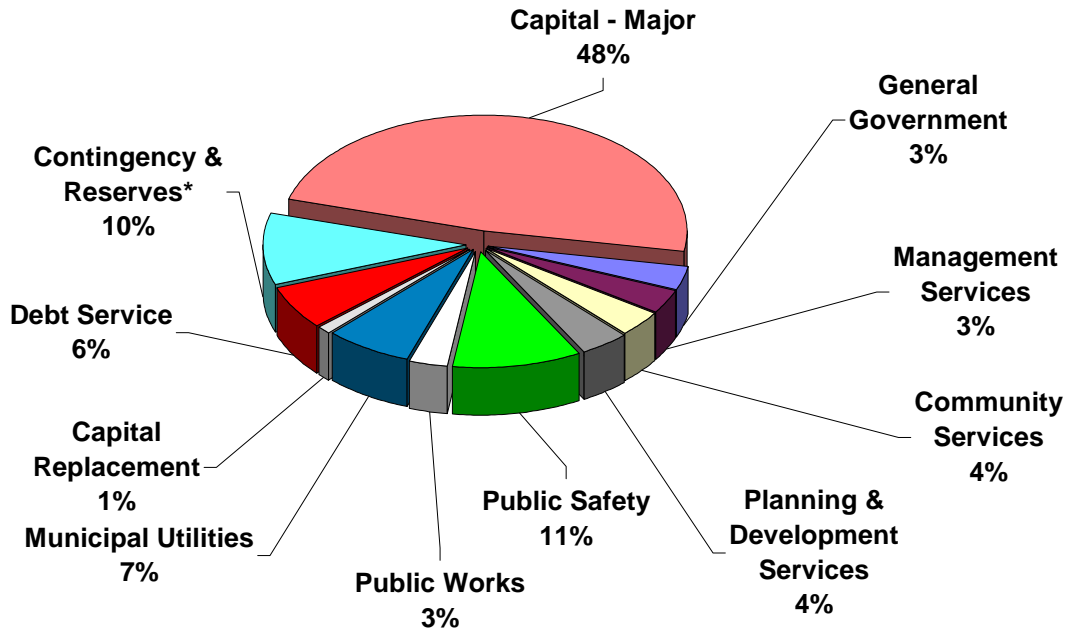
Resources available for appropriation by the City Council are aggregated into the seven broad categories of Local Taxes & License Fees, State & Federal Shared Taxes, Utility Charges, Other Services, Charges & Receipts, Property Taxes, Bond Proceeds & Grants in Aid, and Fund Balance. As required by Arizona State Statute, the property tax levy with an estimated \$23,016,402 was adopted on June 10, 2004. The tax levy includes a Primary Tax Rate of \$0.38 and a Secondary Tax Rate of \$0.90, for a total tax rate of \$1.28 per \$100 of assessed valuation.



	2003 - 04 Adopted Budget	2004 - 05 Adopted Budget	Percentage of Change
Local Taxes & License Fees	\$ 63,346,981	\$ 67,870,907	7.1%
State & Federal Shared Taxes	49,238,443	52,192,217	6.0%
Utility Charges	93,092,101	110,970,381	19.2%
Other Services, Charges & Receipts	32,891,390	34,350,293	4.4%
Property Taxes	20,764,445	23,016,402	10.8%
Bond Proceeds & Grants in Aid	60,336,836	66,362,030	10.0%
Fund Balances Forward	287,700,429	281,698,597	(2.1%)
<b>Total</b>	<b>\$ 607,370,625</b>	<b>\$ 636,460,827</b>	<b>4.8%</b>

## WHERE THE MONEY GOES

**2004- 05 Adopted Budget**  
**Total Budget = \$636,460,827**



	2003 - 04 Adopted Budget	2004 - 05 Adopted Budget	Percentage of Change
<b>By Department:</b>			
General Government	\$ 19,793,561	\$ 21,124,071	6.7%
Management Services	21,311,964	21,603,070	1.4%
Community Services	22,213,080	22,272,420	0.3%
Planning & Development Services	23,429,150	25,523,861	8.9%
Public Safety	61,106,368	65,544,905	7.3%
Public Works	17,728,770	18,653,685	5.2%
Municipal Utilities	39,989,692	45,349,857	13.4%
Capital Replacement	4,584,897	6,219,350	35.6%
Debt Service	35,546,789	38,188,552	7.4%
Contingency & Reserves*	92,366,976	64,753,847	(29.9%)
Capital - Major	269,299,378	307,227,209	14.1%
<b>Total</b>	<b>\$ 607,370,625</b>	<b>\$ 636,460,827</b>	<b>4.8%</b>
<b>By Category:</b>			
Personnel & Benefits	\$ 108,749,371	\$ 114,813,870	5.6%
Operating & Maintenance	136,954,900	149,665,901	9.3%
Contingency & Reserves*	92,366,976	64,753,847	(29.9%)
Capital - Major	269,299,378	307,227,209	14.1%
<b>Total</b>	<b>\$ 607,370,625</b>	<b>\$ 636,460,827</b>	<b>4.8%</b>

\*Contingency funds and reserves are one-time revenues comprised of various funds of which the majority is restricted in their use. These funds can be used for unanticipated revenue shortfalls or unforeseen or emergency expenditures. Use of these funds requires Council approval.



## Budget Message and Overview

The following tables provide detail and summary information on the change between year-end estimated expenditures for fiscal year 2003-04 and the 2004-05 adopted budget. For operating budget cost centers, explanations of significant highlights for the 2004-05 adopted budget are provided in detail at the cost center level in the Departmental Budget chapter of this document. Information on major capital projects is provided at the cost center level in the Capital Budget chapter.

### COST CENTER BUDGET COMPARISON

	2001-02 Actual Expenditures	2002-03 Actual Expenditures	2003-04 Adjusted Budget	2003-04 Estimated Expenditures	2004-05 Adopted Budget	% Change Est. Exp. To Proposed Budget
<b>GENERAL GOVERNMENT</b>						
Mayor and Council	\$ 469,901	\$ 479,836	\$ 629,476	\$ 593,206	\$ 647,688	9.2%
City Clerk	456,858	429,845	703,918	673,303	725,481	7.7%
City Manager Administration	1,065,639	1,059,627	1,241,342	1,222,225	1,229,567	0.6%
IT Administration	-	-	1,344,844	1,265,413	1,497,877	18.4%
GIS/IT Applications & Data Systems	1,028,701	719,129	2,205,013	2,115,239	2,099,337	(0.8%)
Human Resources	1,431,750	1,406,809	2,167,432	1,817,845	2,536,972	39.6%
IT Infrastructure & Client Support	2,987,979	3,582,339	2,883,361	2,799,543	2,472,094	(11.7%)
G.I.S./I.T. Capital	-	1,554,658	6,171,580	4,489,123	4,503,443	0.3%
Economic Development	742,206	714,026	1,322,934	1,316,870	1,146,921	(12.9%)
Downtown Redevelopment	116,221	266,084	545,218	540,893	366,832	(32.2%)
Economic Development Capital	3,236,311	1,374,179	1,597,143	1,597,143	1,063,664	(33.4%)
	<b>9,543,168</b>	<b>9,617,224</b>	<b>18,237,525</b>	<b>15,942,069</b>	<b>15,687,140</b>	<b>(1.6%)</b>
City Magistrate	2,448,941	2,681,112	3,326,800	3,234,950	3,410,729	5.4%
Law	1,832,271	1,999,506	2,552,351	2,344,655	2,601,636	11.0%
Communications/Public Affairs	1,071,635	835,979	951,479	926,709	966,059	4.2%
Video Production	689	390,158	425,566	392,405	421,659	7.5%
Administrative Services	254,096	247,883	1,041,929	1,032,929	1,001,219	(3.1%)
	<b>1,326,420</b>	<b>1,474,020</b>	<b>2,418,974</b>	<b>2,352,043</b>	<b>2,388,937</b>	<b>1.6%</b>
<b>Management Services</b>						
Administration and Budget	783,408	875,352	763,675	548,080	932,959	70.2%
Management Services Capital	2,456,080	706,002	3,806,619	3,783,465	401,800	(89.4%)
Budget	-	-	496,527	478,974	531,431	11.0%
Purchasing and Central Supply	793,406	811,083	907,596	817,663	710,525	(13.1%)
Central Supply	-	-	-	-	242,275	N/A
Accounting	964,472	968,299	1,103,409	1,083,512	1,105,146	2.0%
Licensing/Tax/Utility Services	1,861,195	1,973,168	2,191,616	2,041,367	2,316,200	13.5%
Risk Management	301,374	517,856	1,780,087	1,628,617	2,325,219	42.8%
Risk Management Liabilities	-	-	5,128,120	4,840,070	4,605,265	(4.9%)
Environmental Management	210,397	268,061	293,364	271,479	294,385	8.4%
Environmental Management Liabilities	-	-	473,200	351,950	473,200	34.5%
Fleet Services	789,581	831,911	1,055,295	955,995	1,031,335	7.9%
Non-Departmental	16,390,770	17,157,924	10,409,038	6,508,509	7,754,033	19.1%
	<b>24,550,683</b>	<b>24,109,656</b>	<b>28,408,546</b>	<b>23,309,681</b>	<b>22,723,773</b>	<b>(2.5%)</b>
<b>Planning and Development</b>						
Administration	968,969	1,093,514	1,581,103	1,336,272	1,737,092	30.0%
Current Planning	955,624	1,030,223	1,183,271	1,125,853	1,193,174	6.0%
Long Range Planning	289,745	277,170	906,756	917,231	584,542	(36.3%)
Development Services	4,443,499	4,468,714	5,478,205	5,078,674	5,574,649	9.8%
Planning/Development Capital	67,571	-	75,171	75,171	-	(100.0%)
Housing and Redevelopment	5,621,828	6,171,719	12,589,434	6,927,805	13,173,518	90.2%
Community Development	1,309,664	1,442,128	3,125,903	2,513,477	2,900,000	15.4%
Neighborhood Programs	192,151	122,682	429,309	356,971	360,886	1.1%
	<b>13,849,051</b>	<b>14,606,150</b>	<b>25,369,152</b>	<b>18,331,454</b>	<b>25,523,861</b>	<b>39.2%</b>
<b>Community Services</b>						
Administration	392,640	461,393	739,908	638,198	1,029,571	61.3%
Center for the Arts	1,100,383	918,116	1,528,174	1,270,373	1,372,172	8.0%
Parking Garage	92,011	5,525	-	-	-	N/A
Buildings and Facilities	3,478,085	3,746,406	4,289,463	4,089,670	4,157,403	1.7%
Library	4,681,607	5,261,908	6,475,570	6,215,257	6,117,397	(1.6%)
Library Capital	76,978	1,715,372	229,816	208,453	9,935	(95.2%)
Parks Development/Operations	4,891,678	5,430,689	6,613,292	6,608,734	5,975,356	(9.6%)
Parks Capital	16,779,157	9,548,320	31,429,437	14,968,064	33,862,912	126.2%
Recreation	2,811,026	3,178,510	4,004,529	3,749,782	3,620,521	(3.4%)
	<b>34,303,565</b>	<b>30,266,239</b>	<b>55,310,189</b>	<b>37,748,531</b>	<b>56,145,267</b>	<b>48.7%</b>
<b>TOTAL GENERAL GOVERNMENT</b>	<b>89,846,497</b>	<b>86,723,215</b>	<b>138,198,273</b>	<b>105,752,117</b>	<b>131,084,079</b>	<b>24.0%</b>

Budget Message and Overview

**COST CENTER BUDGET COMPARISON**  
(continued)

	2001-02 Actual Expenditures	2002-03 Actual Expenditures	2003-04 Adjusted Budget	2003-04 Estimated Expenditures	2004-05 Adopted Budget	% Change Est. Exp. To Proposed Budget
<b>PUBLIC SAFETY</b>						
<b>Police</b>						
Administration	\$ 2,346,270	\$ 2,780,592	\$ 3,277,610	\$ 2,266,622	\$ 3,467,869	53.0%
Professional Standards	1,093,268	924,417	806,879	603,822	766,163	26.9%
Property and Evidence	222,250	249,392	260,321	259,951	259,309	(0.2%)
Forensic Sciences	900,355	974,144	1,183,568	1,135,821	1,232,152	8.5%
Field Operations	16,233,909	17,622,958	18,976,617	18,629,734	19,864,059	6.6%
Criminal Investigations	4,592,731	5,200,576	5,934,411	5,915,779	5,936,344	0.3%
Planning and Research	803,317	783,262	807,470	733,038	663,310	(9.5%)
Communications	3,003,460	2,900,280	3,767,251	3,765,833	3,764,513	(0.0%)
Records	1,195,829	1,161,324	1,233,673	1,215,605	1,320,991	8.7%
Detention Services	1,409,206	1,503,768	1,670,983	1,652,425	1,683,403	1.9%
Community Services	2,570,040	2,747,056	3,026,636	2,948,829	3,095,702	5.0%
Neighborhood Services	2,037,722	1,633,414	1,221,936	1,183,890	1,206,307	1.9%
Police - Capital	2,116,085	3,035,240	9,162,529	7,970,104	6,912,886	(13.3%)
	<b>38,524,442</b>	<b>41,516,423</b>	<b>51,329,884</b>	<b>48,281,453</b>	<b>50,173,008</b>	3.9%
<b>Fire</b>						
Administration	2,812,632	2,239,048	5,332,309	5,228,606	6,929,157	32.5%
Emergency Medical Services	1,244	520,761	565,780	567,168	547,313	(3.5%)
Operations	10,592,120	10,986,863	11,911,057	11,594,999	13,263,958	14.4%
Prevention	372,141	405,775	473,026	461,060	465,560	1.0%
Capital	2,961,007	1,532,087	7,356,128	3,452,087	5,517,567	59.8%
Support Services	1,322	807,397	1,244,084	1,258,884	669,142	(46.8%)
Training	1,196	444,123	440,763	466,839	409,653	(12.2%)
	<b>16,741,662</b>	<b>16,936,054</b>	<b>27,323,147</b>	<b>23,029,643</b>	<b>27,802,350</b>	20.7%
<b>TOTAL PUBLIC SAFETY</b>	<b>55,266,104</b>	<b>58,452,477</b>	<b>78,653,031</b>	<b>71,311,096</b>	<b>77,975,358</b>	<b>9.3%</b>
<b>MUNICIPAL UTILITIES</b>						
Municipal Utilities Administration	406,802	508,263	519,384	506,739	589,896	16.4%
Solid Waste Services	1,744,119	2,388,590	8,469,650	8,328,069	11,188,541	34.3%
Solid Waste Capital	1,022,985	789,130	9,208,775	8,799,885	8,627,179	(2.0%)
Water Distribution	2,671,062	3,339,646	5,009,666	4,813,107	5,001,859	3.9%
Water Capital	9,815,724	17,604,788	64,161,543	32,347,872	105,473,548	226.1%
Water Production	8,955,997	8,400,237	14,054,327	13,770,109	7,902,717	(42.6%)
Environmental Resources	1,116,001	1,144,265	1,903,922	1,903,343	1,746,549	(8.2%)
Water Quality	903,560	888,894	1,471,611	1,418,608	1,437,810	1.4%
Water Production Facilities	-	-	-	-	4,477,119	N/A
Wastewater Collection	1,521,583	1,556,415	2,059,273	2,004,547	1,999,954	(0.2%)
Wastewater Capital	24,812,658	23,671,530	31,992,219	20,455,623	35,405,016	73.1%
Wastewater Reverse Osmosis	1,325,051	1,218,006	1,892,152	1,740,297	1,837,417	5.6%
Wastewater Treatment	702,542	914,109	1,582,988	1,437,999	1,325,593	(7.8%)
Wastewater Quality	417,912	471,323	699,904	691,388	535,054	(22.6%)
Airport Water Reclamation Facility	1,754,877	2,076,834	3,731,666	2,619,799	4,008,876	53.0%
Ocotillo Water Reclamation	-	-	2,729,938	2,729,938	3,298,472	20.8%
	<b>57,170,873</b>	<b>64,972,030</b>	<b>149,487,018</b>	<b>103,567,323</b>	<b>194,855,600</b>	<b>88.1%</b>
<b>PUBLIC WORKS</b>						
Administration	577,642	309,123	856,731	445,719	829,977	86.2%
Engineering	2,765,556	3,017,711	4,011,626	3,897,756	3,836,721	(1.6%)
Transportation/Operations Admin.	411,259	436,259	584,742	517,460	609,026	17.7%
Real Estate	-	-	369,368	369,368	659,862	78.6%
Streets	3,216,336	3,366,891	4,895,619	4,276,357	5,005,218	17.0%
Streets Capital	15,098,614	23,134,865	70,910,034	33,141,349	99,468,709	200.1%
Traffic Engineering	3,574,941	3,740,822	3,967,038	3,942,071	4,149,653	5.3%
Transit Services	912,506	1,483,434	1,517,241	1,471,086	1,545,099	5.0%
Street Sweeping	975,639	738,290	1,085,350	860,155	954,001	10.9%
Airport	834,258	705,013	974,181	870,945	1,064,128	22.2%
Airport Capital	2,588,794	63,059	4,734,348	77,782	5,261,647	6664.6%
	<b>30,955,545</b>	<b>36,995,467</b>	<b>93,906,278</b>	<b>49,870,048</b>	<b>123,384,041</b>	<b>147.4%</b>
<b>Sub-Total</b>	<b>233,239,019</b>	<b>247,143,189</b>	<b>460,244,600</b>	<b>330,500,584</b>	<b>527,299,078</b>	<b>59.5%</b>
<b>Fund Contingency</b>		-	104,984,918	-	64,753,847	N/A
<b>Debt Service</b>	27,318,119	31,792,025	35,911,083	34,818,008	38,188,552	2.1%
<b>Capital/Computer Replacement</b>	2,658,335	4,322,814	6,230,024	4,725,276	6,219,350	(3.0%)
<b>GRAND TOTAL</b>	<b>\$ 263,215,473</b>	<b>\$ 283,258,028</b>	<b>\$ 607,370,625</b>	<b>\$ 370,043,868</b>	<b>\$ 636,460,827</b>	<b>72.0%</b>

## DEPARTMENTAL BUDGET COMPARISON IN SUMMARY

	2001-02 Actual Expenditures	2002-03 Actual Expenditures	2003-04 Adjusted Budget	2003-04 Estimated Expenditures	2004-05 Adopted Budget	% Change Est. Exp. To Proposed Budget
Mayor and Council	\$ 469,901	\$ 479,836	\$ 629,476	\$ 593,206	\$ 647,688	9.2%
City Clerk	456,858	429,845	703,918	673,303	725,481	7.7%
City Manager	1,065,639	1,059,627	1,241,342	1,222,225	1,229,567	0.6%
Organizational Support	9,543,168	9,617,224	18,237,525	15,942,069	15,687,140	(1.6%)
City Magistrate	2,448,941	2,681,112	3,326,800	3,234,950	3,410,729	5.4%
Law	1,832,271	1,999,506	2,552,351	2,344,655	2,601,636	11.0%
Communications/Public Affairs	1,326,420	1,474,020	2,418,974	2,352,043	2,388,937	1.6%
Management Services	24,550,683	24,109,656	28,408,546	23,309,681	22,723,773	(2.5%)
Planning and Development	13,849,051	14,606,150	25,369,152	18,331,454	25,523,861	39.2%
Community Services	34,303,565	30,266,239	55,310,189	37,748,531	56,145,267	48.7%
Police	38,524,442	41,516,423	51,329,884	48,281,453	50,173,008	3.9%
Fire	16,741,662	16,936,054	27,323,147	23,029,643	27,802,350	20.7%
Municipal Utilities	57,170,873	64,972,030	149,487,018	103,567,323	194,855,600	88.1%
Public Works	30,955,545	36,995,467	93,906,278	49,870,048	123,384,041	147.4%
Subtotal	<b>233,239,019</b>	<b>247,143,189</b>	<b>460,244,600</b>	<b>330,500,584</b>	<b>527,299,078</b>	<b>59.5%</b>
Fund Contingency*	-	-	104,984,918	-	64,753,847	N/A
Debt Service	27,318,119	31,792,025	35,911,083	34,818,008	38,188,552	9.7%
Capital/Computer Replacement	2,658,335	4,322,814	6,230,024	4,725,276	6,219,350	31.6%
<b>GRAND TOTAL</b>	<b>\$ 263,215,473</b>	<b>\$ 283,258,028</b>	<b>\$ 607,370,625</b>	<b>\$ 370,043,868</b>	<b>\$ 636,460,827</b>	<b>72.0%</b>

\*Contingency funds and reserves are one-time revenues comprised of various funds of which the majority is restricted in their use. These funds can be used for unanticipated revenue shortfalls or unforeseen or emergency expenditures. Use of these funds requires Council approval.

## FUND STRUCTURE

The City Council formally adopts an annual budget for the General, Special Revenue, Capital Projects, Enterprise and Internal Service Funds. Debt Service payments are budgeted in General, Special Revenue, and Enterprise funds as appropriate.

The accounts for the City of Chandler are organized on the basis of funds or account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. In governmental accounting, fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance-related legal and contractual provisions. The revenue and expenditures within the fund can be monitored for the particular activity. Funds are classified as being governmental, proprietary, or fiduciary; different fund types are also found within each classification.

**GOVERNMENTAL FUNDS** - Governmental funds are used to account for the City's general governmental activities; these funds use the flow of current financial resources measurement and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they are measurable and available; and expenditures are recorded when the related fund liability is incurred.

**GENERAL FUND** – The General Fund is the primary operating fund of the City. All revenues that are not allocated by law or contractual agreement to a specific fund are accounted for in the General Fund and are used to finance the services associated with local government. These revenues include taxes, licenses and permits, charges for services, interest earned on investments, fines and forfeitures, and miscellaneous revenue. Most city departments receive at least some support from the General Fund.

**SPECIAL REVENUE FUNDS** – Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes. Funds in this category include Highway User Revenue, Local Transportation Assistance, Community Development Block Grant, Housing Grants and Expendable Trust.

**HIGHWAY USER REVENUE FUND** - Used to account for the receipt and expenditure of the City's allocation of State highway user taxes. State law restricts the use of these monies to maintenance, construction and reconstruction of streets, and repayment of transportation-related debt.

**LOCAL TRANSPORTATION ASSISTANCE (LTAF) FUND** – Used to account for the receipt and expenditure of the City's allocation of State lottery monies. State law restricts the use of these monies to street and highway projects in the public right-of-way and to mass transportation purposes.

**GRANTS IN AID** – Used to account for the receipt and expenditure of miscellaneous federal and state grants awarded to the City for various specific purposes.

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)** – Used for all federal Community Development Block Grant revenue and related expenditures, such as housing rehabilitation and downtown renovation.

**HOUSING GRANTS** – Used to account for expenditures of the City's housing assistance programs which consist of housing owned and operated by the city and rent subsidy payments to private sector owners of dwelling units. Financing for this fund is derived from tenants and the United States Department of Housing and Urban Development.

**EXPENDABLE TRUST FUNDS** - These funds are accounted for and reported in the same manner as governmental funds for purposes designated by the donors or legal restrictions. Both the principal and earnings of these funds can be expended for the trusts' intended purposes.

**CAPITAL PROJECT FUNDS** – Capital project funds are designed to account for resources expended to acquire assets of a relatively permanent nature. These funds include bond proceeds, system development or impact fees, grants and contributions for the need for capital assets such as buildings, public works, and equipment. (Special Revenue and Enterprise Funds are not included in this category).

**SPECIAL ASSESSMENTS** – Special levies placed against special assessment districts in the City to be used for capital projects that benefit those properties.

**PROPRIETARY FUNDS** - Proprietary funds are used to account for the City's on-going organizations and activities which are similar to those often found in the private sector.

**ENTERPRISE FUNDS** – Enterprise funds are a governmental accounting fund in which the services provided are financed and operated similarly to those of a private business, where the costs of providing goods or services to the general public is financed through user fees. The City of Chandler has established enterprise funds for water and wastewater service, solid waste service, and the operation of the airport because they are considered to be self-sufficient and are required to stand on their own.

**WATER FUNDS** – Used to account for the provision of water services to the residents of the City and certain residents outside of City limits. All activities necessary to provide such service are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection. Revenues are generated through user fees.

**WASTEWATER FUND** - Used to account for the provision of wastewater services to the residents of the City and certain residents outside of City limits. All activities necessary to provide such service are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection. The monies to support these demands are generated through user fees.

**SOLID WASTE FUNDS** – Used to account for the provision of solid waste (refuse) services to the residents of the City and certain residents outside of City limits. All activities necessary to provide such service are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection. User fees are assessed to generate revenues adequate to cover these costs.

**AIRPORT FUND** – Used to account for the provision of airport services to the residents of the City and certain residents outside of City limits. All activities necessary to provide such service are accounted for in this fund, including but not limited to administration, operation, maintenance, financing and related debt service, billing and collection. Revenues are generated through airport leasing and fuel sales.

**INTERNAL SERVICE FUNDS** - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost reimbursement basis.

**SELF-INSURANCE FUND** – This fund is established to account for the cost of property and public liability claims incurred by the City under a self-insurance program.

**CAPITAL REPLACEMENT FUND** – Used to account for operating capital items on a long-term basis through budgeted annual payments and transfers during the fiscal year.

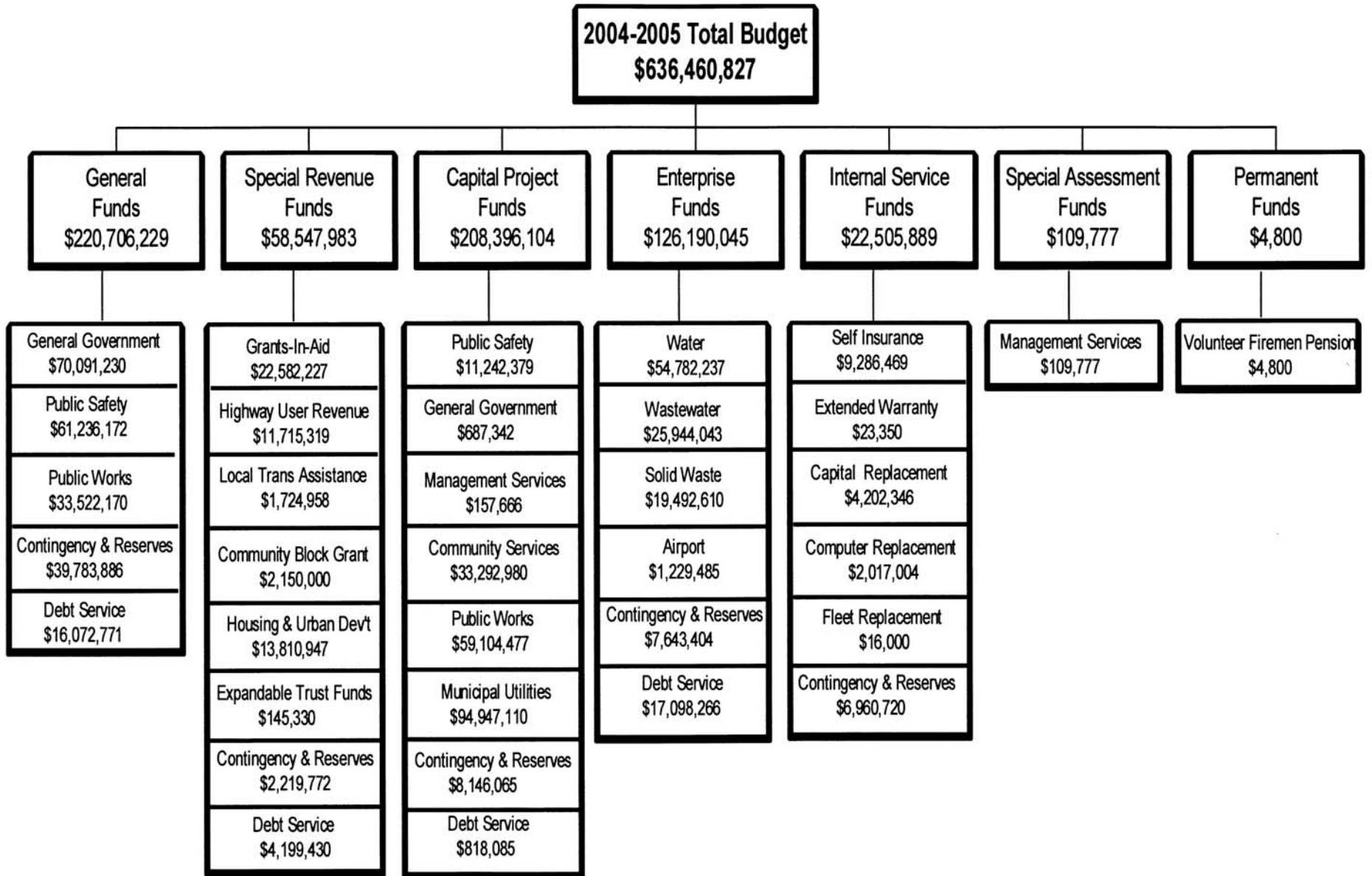
**COMPUTER REPLACEMENT FUND** – This fund is established to make payments on all leased personal computers.

**FIDUCIARY FUNDS** – These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Use of these funds facilitates the discharge of responsibilities placed upon the governmental unit by virtue of law or other similar authority.

**SPECIAL ASSESSMENT FUNDS** - Charge made by a local government for the cost of an improvement or service. It is usually levied on those who will benefit from the service.

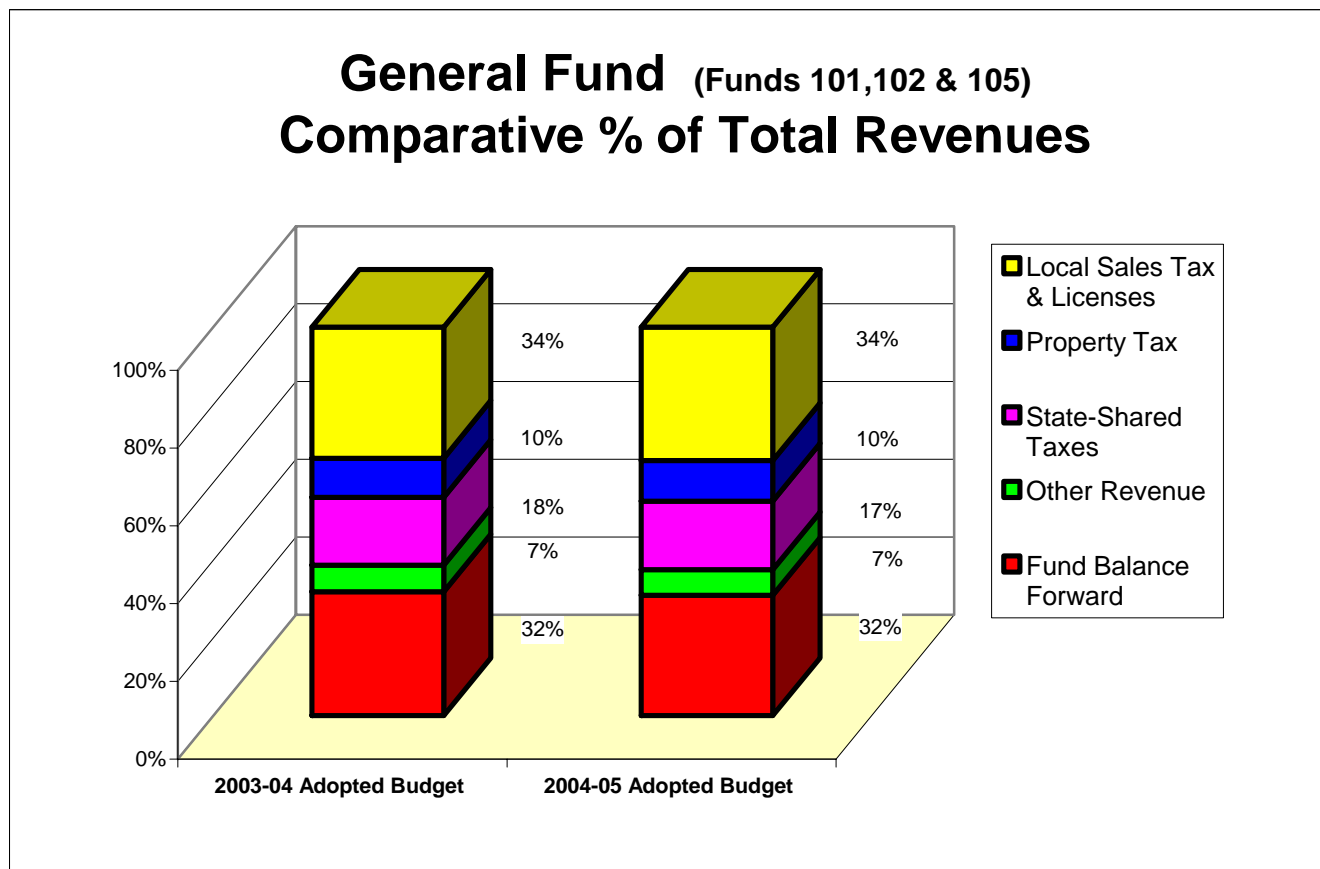
**PERMANENT FUND (PENSION)** - This is a non-expendable trust fund and is used to account for the accumulation of resources to be used for retirement annuity payments at the appropriate amounts and times in the future.





## GENERAL FUND REVENUES

The General Fund Revenue categories are presented in the chart and table below. The chart provides information on each category as a percent of total General Fund revenues for fiscal year 2004-05. The table provides information on the percentage increase or decrease from the prior year adopted budget. A detailed discussion of all revenues for the City is contained in the Resources section of this document.



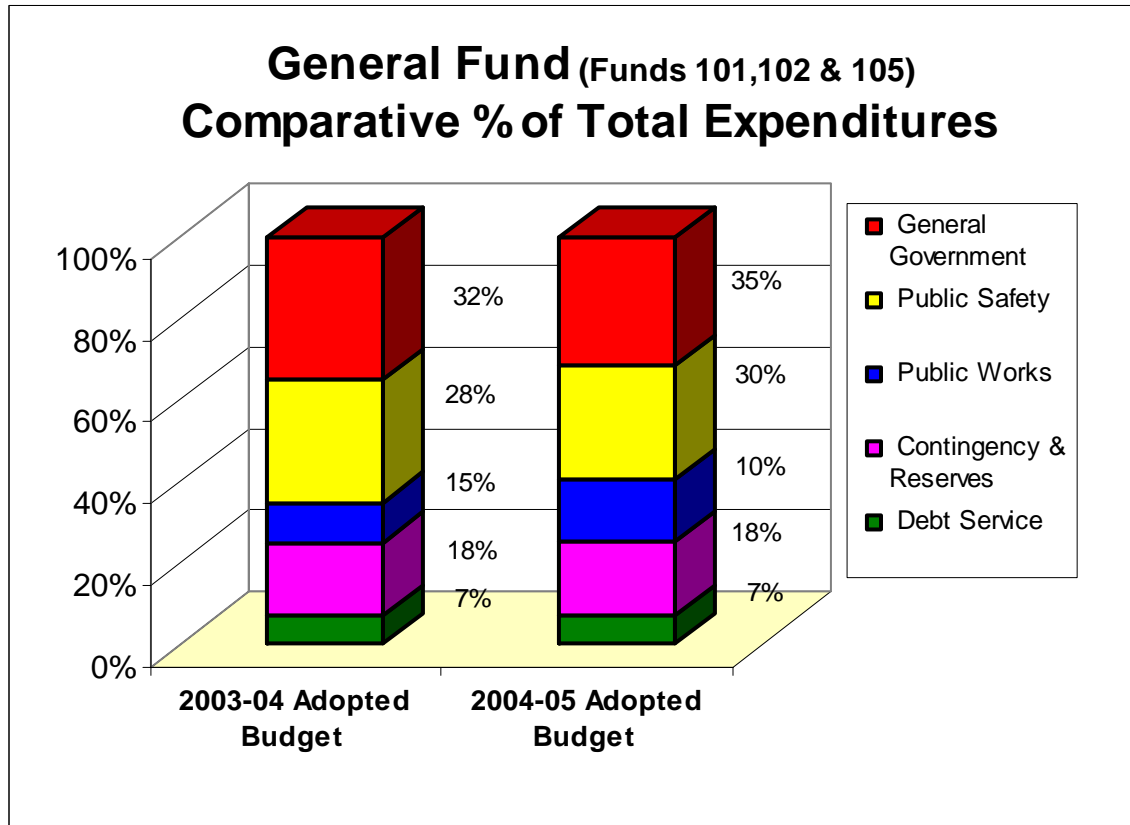
	2003-04 Adopted Budget	2004-05 Adopted Budget	Change
Local Sales Tax & Licenses	\$ 69,429,881	\$ 75,786,307	9.2%
Property Tax <sup>(1)</sup>	20,764,445	23,016,402	10.8%
State-Shared Taxes	35,977,350	38,981,754	8.4%
Other Revenue	14,046,235	14,559,322	3.7%
Fund Balance less Transfer In/Out	65,621,930	68,362,444	4.2%
<b>Total General Fund <sup>(2)</sup></b>	<b>\$ 205,839,841</b>	<b>\$ 220,706,229</b>	<b>7.2%</b>

<sup>(1)</sup> Property Tax for fiscal year 2004-05 includes adopted amount of \$22,349,452, Salt River in lieu Tax of \$400,200 and Prior Year Property Tax (Primary and Secondary) of \$266,750.

<sup>(2)</sup> Fiscal year 2003-04 includes General Fund of \$204,678,093 and Police Forfeiture Funds of \$1,100,000 and Parking Garage Funds of \$61,748. Fiscal year 2004-05 includes General Funds of \$219,346,229, Police Forfeiture Funds of \$1,350,000, and Parking Garage Funds of \$10,000.

## GENERAL FUND EXPENDITURES

The General Fund Expenditure categories are presented in the chart and table below. The chart provides information on each category as a percent of total General Fund expenditures for fiscal year 2004-05. The table provides information on the percentage increase or decrease from the prior year adopted budget.



	2003-04 Adopted Budget	2004-05 Adopted Budget	Change
General Government	\$ 72,451,839	\$ 70,091,230	(3.3%)
Public Safety	61,792,804	61,236,172	(0.9%)
Public Works	20,165,202	33,522,170	66.2%
Contingency & Reserves <sup>(1)</sup>	37,238,990	39,783,886	6.8%
Debt Service	14,191,006	16,072,771	13.3%
<b>Total General Fund <sup>(2)</sup></b>	<b>\$ 205,839,841</b>	<b>\$ 220,706,229</b>	<b>7.2%</b>

<sup>(1)</sup> Contingency funds and reserves are one-time revenues comprised of various funds of which the majority is restricted in their use. These funds can be used for unanticipated revenue shortfalls or unforeseen or emergency expenditures. Use of these funds requires Council approval.

<sup>(2)</sup> Fiscal year 2003-04 includes General Fund of \$204,678,093 and Police Forfeiture Funds of \$1,100,000 and Parking Garage Funds of \$61,748. Fiscal year 2004-05 includes General Funds of \$219,346,229, Police Forfeiture Funds of \$1,350,000, and Parking Garage Funds of \$10,000.

## MAJOR OPERATING FUNDS SUMMARIES

\*Transfers In(Out) include Indirect Cost, potential loans or loan payback; see Schedule D (p. 361) for details.

\*\*Includes Contingency & Reserves.

### General Fund (101)

Category	FY2004-05 Revenue Budget	Dept/Cost Center	FY2004-05 Expense Budget
Property Tax	\$ 23,016,402	City Clerk	\$ 725,481
Privilege (Sales) Tax	64,732,907	City Mgr,HR,IT, Econ Dev	16,109,365
State-Shared Rev	38,981,754	Community Services	21,856,369
Other Taxes/ Fees	4,454,400	CAPA	2,388,937
Licenses/Permits	7,199,000	Fire	18,173,276
Fines/Forfeitures	3,729,900	Law	2,586,636
Service Charges	5,666,381	Magistrate	3,410,729
Interest Income	2,700,000	Mayor/Council	647,688
Other Revenue	653,041	Mgmt. Services	6,965,478
Fund Balance	67,519,281	Non-Dept.**	45,469,519
<b>Subtotal Revenue</b>	<b>\$ 218,653,066</b>	Planning & Dev't.	9,554,914
Net Transfers In(Out) *	693,163	Police	41,862,896
<b>TOTAL RESOURCES</b>	<b>\$ 219,346,229</b>	Public Works	33,522,170
		Debt Services	16,072,771
		<b>TOTAL EXPENSE</b>	<b>\$ 219,346,229</b>

### HURF (215)

Category	FY2004-05 Revenue Budget	Dept/Cost Center	FY2004-05 Expense Budget
Highway Tax	\$ 12,138,076	Administration	\$ 113,166
Street Sign Fees	20,000	Streets	4,166,239
Interest Income	78,500	Streets-Capital	4,168,754
Fund Balance	4,500,000	Traffic Engineering	3,259,660
<b>Subtotal Revenue</b>	<b>\$ 16,736,576</b>	Non-Dept.**	810,644
Net Transfers In(Out) *	(18,683)	Debt Services	4,199,430
<b>TOTAL RESOURCES</b>	<b>\$ 16,717,893</b>	<b>TOTAL EXPENSE</b>	<b>\$ 16,717,893</b>

### LTAF (216)

Category	FY2004-05 Revenue Budget	Dept/Cost Center	FY2004-05 Expense Budget
Lottery Entitlements	\$ 1,072,387	Streets-Capital	\$ 596,995
Bus Shelter/Service	52,052	Transit Services	1,075,012
Interest	3,100	Airport	52,951
Fund Balance	698,944	Non-Dept.**	100,000
<b>Subtotal Revenue</b>	<b>\$ 1,826,483</b>	<b>TOTAL EXPENSE</b>	<b>\$ 1,824,958</b>
Net Transfers In(Out) *	(1,525)		
<b>TOTAL RESOURCES</b>	<b>\$ 1,824,958</b>		

MAJOR OPERATING FUNDS SUMMARIES (CONTINUED)

**Water Operating (605)**

FY2004-05		FY2004-05	
Category	Revenue Budget	Dept/Cost Center	Expense Budget
Water Sales	\$ 35,800,000	Water Treatment Plant	\$ 7,902,717
Meter Installation Fees	932,000	Administration	589,896
Connect Fees	420,317	Water Distribution	5,001,859
Other Charges	132,700	Water Capital	33,462,187
Interest	638,800	Water Production Facility	4,477,119
Fund Balance	55,146,555	Environmental Res	1,746,549
<b>Subtotal Revenue</b>	<b>\$ 93,070,372</b>	Water Quality	1,437,810
		Non-Dept.**	3,462,700
Net Transfers In(Out) *	(25,008,661)	Debt Services	9,980,874
<b>TOTAL RESOURCES</b>	<b>\$ 68,061,711</b>	<b>TOTAL EXPENSE</b>	<b>\$ 68,061,711</b>

**Wastewater Operating (615)**

FY2004-05		FY2004-05	
Category	Revenue Budget	Dept/Cost Center	Expense Budget
Sewer Sales	\$ 17,160,500	Wastewater Collection	\$ 1,999,954
Service Charges	207,000	Wastewater Capital	12,809,177
Other Charges	31,260	Wastewater Treatment	1,325,593
Interest	123,400	Wastewater Quality	535,054
Fund Balance	19,703,572	Airport WW Reclam Plant	4,008,876
<b>Subtotal Revenue</b>	<b>\$ 37,225,732</b>	Ocotillo Water Reclam	3,298,472
		Non-Dept.**	1,475,500
Net Transfers In(Out) *	(6,791,179)	Debt Service	4,981,927
<b>TOTAL RESOURCES</b>	<b>\$ 30,434,553</b>	<b>TOTAL EXPENSE</b>	<b>\$ 30,434,553</b>

**Solid Waste Operating (625)**

FY2004-05		FY2004-05	
Category	Revenue Budget	Dept/Cost Center	Expense Budget
Refuse Charges	\$ 9,627,120	Solid Waste Services	\$ 10,547,241
Dumping Fees	1,129,300	Solid Waste Capital	213,583
Admin Charges	174,800	Non-Dept.**	441,800
Other Revenues	166,235	Debt Services	436,257
Interest	11,400		
Fund Balance	1,707,458		
<b>Subtotal Revenue</b>	<b>\$ 12,816,313</b>		
Net Transfers In(Out) *	(1,177,432)		
<b>TOTAL RESOURCES</b>	<b>\$ 11,638,881</b>	<b>TOTAL EXPENSE</b>	<b>\$ 11,638,881</b>

**Airport Operating (625)**

FY2004-05		FY2004-05	
Category	Revenue Budget	Dept/Cost Center	Expense Budget
Tie Down Fees	\$ 364,000	Airport Services	\$ 877,807
Sale of Gas/Oil	327,600	Airport Capital	351,678
Airport Leases	125,808	Non-Dept.**	90,400
Other Revenues/Interest	59,915	Debt Services	68,912
Fund Balance	514,824		
<b>Subtotal Revenue</b>	<b>\$ 1,392,147</b>		
Net Transfers In(Out) *	(3,350)		
<b>TOTAL RESOURCES</b>	<b>\$ 1,388,797</b>	<b>TOTAL EXPENSE</b>	<b>\$ 1,388,797</b>



## SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

The beginning fund balance represents the residual funds brought forward from the previous year (ending balance), when actual revenues exceed budgeted revenues and/or when actual expenditures are less than budgeted expenditures. The unreserved fund balance represents the net financial resources that are available for appropriation. The beginning fund balance, therefore, is included in the budget to cover unanticipated fluctuations in revenue or expenses. Since fund balances are non-recurring revenue, they are used for one-time expenditures or budgeted as contingency fund appropriations. Estimated Ending Fund Balances in the summary below are used primarily as contingency, which would remain unspent barring any emergencies. The following table shows a summary of revenues, expenditures and estimated changes in fund balance for related fund types.

	General Funds			SUMMARY (In Thousands)			Internal Service		
	03-04 Adopted	03-04 Actual*	04-05 Adopted	03-04 Adopted	03-04 Actual*	04-05 Adopted	03-04 Adopted	03-04 Actual*	04-05 Adopted
<b>Estimated Beginning Fund Balance</b>	<b>\$ 65,371</b>	<b>\$ 73,278</b>	<b>\$ 67,669</b>	<b>\$ 7,686</b>	<b>\$ 15,812</b>	<b>\$ 8,680</b>	<b>\$ 25,362</b>	<b>\$ 11,306</b>	<b>\$ 10,683</b>
<b>REVENUES:</b>									
Property Taxes	20,764	20,761	23,016	-	-	-	-	-	-
Local Taxes/Fees	63,347	67,703	69,187	-	-	-	-	-	-
State-Shared Taxes	35,977	37,635	38,982	13,261	12,932	13,210	-	-	-
Charges for Service	12,363	13,528	13,800	70	18	20	-	-	-
Enterprise Sales	-	-	-	-	-	-	-	-	-
System Development Fees	-	-	-	-	-	-	-	-	-
Bond Revenue	-	-	-	-	-	-	-	-	-
Miscellaneous	7,766	5,832	7,359	892	1,962	986	8,334	7,789	6,912
Intergovernmental	-	-	-	34,473	11,254	35,585	-	-	-
Expendable Trust Fund	-	-	-	95	58	87	-	-	-
Interfund Transfers In/Out	251	1,751	693	(20)	(20)	(20)	4,862	4,992	4,911
<b>Total Revenues</b>	<b>\$ 140,469</b>	<b>\$ 147,209</b>	<b>\$ 153,037</b>	<b>\$ 48,771</b>	<b>\$ 26,204</b>	<b>\$ 49,869</b>	<b>\$ 13,196</b>	<b>\$ 12,781</b>	<b>\$ 11,822</b>
<b>TOTAL AVAILABLE RESOURCES</b>	<b>\$ 205,840</b>	<b>\$ 220,488</b>	<b>\$ 220,706</b>	<b>\$ 56,456</b>	<b>\$ 42,015</b>	<b>\$ 58,548</b>	<b>\$ 38,558</b>	<b>\$ 24,087</b>	<b>\$ 22,506</b>
<b>EXPENDITURES:</b>									
City Manager	18,374	16,963	17,483	80	111	120	-	-	-
City Magistrate	3,278	3,235	3,411	-	-	-	-	-	-
Law	2,436	2,325	2,587	19	19	15	-	-	-
Management Services	8,613	7,978	6,965	-	-	-	9,703	8,610	9,310
Planning & Development	8,931	8,991	9,555	14,498	9,340	15,969	-	-	-
Communication & Public Affairs	2,296	2,352	2,389	-	-	-	-	-	-
Community Services	22,021	21,568	21,856	856	838	852	-	-	-
Police	42,870	41,250	43,063	1,187	701	930	-	-	-
Fire	18,923	18,593	18,173	2,200	2,290	4,562	-	-	-
Public Works	20,165	11,530	33,522	29,527	15,533	29,528	-	-	-
Municipal Utilities	-	-	-	-	-	-	-	-	-
Non-departmental	6,503	4,243	5,846	7	37	8	3,451	4,794	6,235
Expendable Trust	-	-	-	202	103	145	-	-	-
Debt Service	14,191	13,790	16,073	4,382	4,365	4,199	-	-	-
<b>Total Expenditures</b>	<b>\$ 168,601</b>	<b>\$ 152,818</b>	<b>\$ 180,922</b>	<b>\$ 52,957</b>	<b>\$ 33,336</b>	<b>\$ 56,328</b>	<b>\$ 13,154</b>	<b>\$ 13,404</b>	<b>\$ 15,545</b>
<b>Estimated Ending Fund Balance (Contingency)</b>	<b>\$ 37,239</b>	<b>\$ 67,669</b>	<b>\$ 39,784</b>	<b>\$ 3,500</b>	<b>\$ 8,680</b>	<b>\$ 2,220</b>	<b>\$ 25,404</b>	<b>\$ 10,683</b>	<b>\$ 6,961</b>
<b>TOTAL EXPENDITURES + ENDING FUND BALANCE</b>	<b>\$ 205,840</b>	<b>\$ 220,488</b>	<b>\$ 220,706</b>	<b>\$ 56,456</b>	<b>\$ 42,015</b>	<b>\$ 58,548</b>	<b>\$ 38,558</b>	<b>\$ 24,087</b>	<b>\$ 22,506</b>

\*03-04 Actual reflects estimated year-end (unaudited).

Budget Message and Overview

SUMMARY (In Thousands)											
Capital Project			Enterprise Funds			Permanent/Special Funds			Grand Total		
03-04 Adopted	03-04 Actual*	04-05 Adopted	03-04 Adopted	03-04 Actual*	04-05 Adopted	03-04 Adopted	03-04 Actual*	04-05 Adopted	03-04 Adopted	03-04 Actual*	04-05 Adopted
\$ 113,385	\$ 151,387	\$ 108,714	\$ 75,822	\$ 100,961	\$ 85,904	\$ 75	\$ 109	\$ 49	\$ 287,700	\$ 352,853	\$ 281,699
-	-	-	-	-	-	-	-	-	20,764	20,761	23,016
-	-	-	-	-	-	-	-	-	63,347	67,703	69,187
-	-	-	-	-	-	-	-	-	49,238	50,567	52,192
-	-	-	-	-	-	-	-	-	12,433	13,546	13,820
-	-	-	64,698	66,642	72,111	-	-	-	64,698	66,642	72,111
28,530	36,078	39,162	-	-	-	-	-	-	28,530	36,078	39,162
25,084	-	29,925	-	-	-	-	-	-	25,084	-	29,925
2,377	1,971	2,945	1,586	1,194	1,409	52	46	66	21,008	18,795	19,676
-	-	-	-	-	-	-	-	-	34,473	11,254	35,585
-	-	-	-	-	-	-	-	-	95	58	87
29,650	13,507	\$ 27,650	(34,743)	(6,743)	(33,234)	-	-	-	-	13,487	-
\$ 85,641	\$ 51,556	\$ 99,683	\$ 31,541	\$ 61,093	\$ 40,286	\$ 52	\$ 46	\$ 66	\$ 319,670	\$ 298,889	\$ 354,762
\$ 199,026	\$ 202,943	\$ 208,396	\$ 107,364	\$ 162,054	\$ 126,190	\$ 127	\$ 155	\$ 115	\$ 607,371	\$ 651,742	\$ 636,461
1,414	1,357	687	-	-	-	-	-	-	19,868	18,431	18,290
-	-	-	-	-	-	-	-	-	3,278	3,235	3,411
-	-	-	-	-	-	-	-	-	2,455	2,345	2,602
1,765	450	158	-	-	-	111	101	109	20,194	17,138	16,542
-	-	-	-	-	-	-	-	-	23,429	18,331	25,524
-	-	-	-	-	-	-	-	-	2,296	2,352	2,389
33,504	15,241	33,293	-	-	-	-	-	-	56,380	37,647	56,001
5,600	6,331	6,180	-	-	-	-	-	-	49,657	48,281	50,173
6,629	2,143	5,063	-	-	-	5	5	5	27,757	23,030	27,802
48,751	22,135	59,104	983	672	1,229	-	-	-	99,426	49,870	123,384
81,203	44,597	94,947	83,111	59,250	100,056	-	-	-	164,314	103,847	195,011
-	1,226	-	241	316	163	1	1	1	10,201	10,616	12,390
-	-	-	-	-	-	-	-	-	202	103	145
387	751	818	16,587	15,912	17,098	-	-	-	35,547	34,818	38,189
\$ 179,253	\$ 94,230	\$ 200,250	\$ 100,922	\$ 76,150	\$ 118,547	\$ 117	\$ 106	\$ 115	515,004	370,044	571,707
\$ 19,773	\$ 108,714	\$ 8,146	\$ 6,442	\$ 85,904	\$ 7,643	\$ 10	\$ 49	\$ -	\$ 92,367	\$ 281,699	\$ 64,754
\$ 199,026	\$ 202,943	\$ 208,396	\$ 107,364	\$ 162,054	\$ 126,190	\$ 127	\$ 155	\$ 115	\$ 607,371	\$ 651,742	\$ 636,461

\*03-04 Actual reflects estimated year-end (unaudited).

### **FUND BALANCE ANALYSIS**

The Fund Balance represents the net difference between total financial resources and total appropriated uses. In the budget process unreserved fund balances represent the net financial resources that are expendable or available for appropriation. According to the City Charter and the Expenditure Limitation under the Home Rule Option, total expenditures cannot exceed the amount of the adopted budget. Therefore, fund balances are used for one-time (non-operational) expenditures since they are non-recurring revenue or they are appropriated as "contingency". Use of contingency should only be used for unanticipated events threatening the public health, safety or welfare of its citizens and only after all other budget sources have been examined for available funds. The Fund Balance protects our fiscal health by assuring sufficient funds are available to meet financial challenges in the future.

**General Fund Balance** - Most governmental activities are financed from the General Fund. Expenditures for public purposes may be made from cash held in the General Fund with freedom from the restrictions imposed on other funds. The summary on the previous pages show that in FY2004-05 about \$27.9-million is needed to supplement the revenue collection to fund the estimated expenditures, including \$16.9 million for new one-time "pay-as-you-go" capital projects. The ending fund balance of nearly \$39.8-million includes over \$20-million for the 15% contingency reserve adopted by Council, which has contributed to increased bond ratings over the years. The city has a strong unreserved General Fund Balance, assuring funds are available to meet future financial challenges.

**Special Revenue Fund Balance** – These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This category includes Highway User Revenue Fund (HURF), Local Transportation Assistance Fund (LTAF), Grants, including CDBG and HUD plus Trust Funds. The FY2004-05 Budget shows that about \$6.5-million of the Fund Balance is needed to supplement revenues for Special Revenue fund expenditures, which includes \$5.1 million for new one-time capital projects. Expenditures related to the HURF and LTAF are slowly being subsidized by the General Fund. The fund balance for Special Revenues has been affected by legislative adjustments to state formulas resulting in reduced state revenues.

**Internal Service Fund Balance** – These funds are established to account for any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. In Chandler, this category includes Workers Compensation, Self Insurance fund, Uninsured Liability Fund, Short Term Disability Fund, Fleet Services Extended Warranty Fund, Capital Replacement Fund, and Computer Lease Fund. The FY2004-05 Adopted Budget shows that the Fund Balance for Internal Service is estimated to decrease slightly, since expenditures exceed revenues and transfers.

**Capital Project Fund Balance** – These are funds used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The financial resources of Capital Project funds come from several different sources, including bonds, impact fees, system development fees, or loans from operating funds. The Capital Project Fund Balance for FY 2004-05 shows that almost \$100.6-million is needed to supplement the revenue collected to fund one-time Capital Project expenditures for uncompleted or new capital projects. The Capital Project fund balance includes bonds, system development and impact fee monies for projects carried forward from prior years.

**Enterprise Fund Balance** – Enterprise funds are established to account for the operations of enterprises which provide goods or services to the public and which are financed and operated in a manner similar to private business enterprises. Enterprise fund balance includes Water, Wastewater, Solid Waste, and Airport. The Enterprise Adopted Budget for FY2004-05 shows that about \$78.3-million of the Fund Balance is needed to supplement the revenue collection to offset estimated expenditures, included debt service and one-time capital. Over \$33.2-million is estimated as a "transfer out" for administrative support to the General Fund and for potential loans to complete Capital Projects in lieu of bonds or until system development fees are collected. Planned capital projects in solid waste, water and wastewater are estimated to decrease the ending fund balance.

**Permanent/Special Assessment Fund Balance** – These include the non-expendable trust funds for Firefighter's pension as well as special assessment levies placed against assessment districts for capital projects that benefit properties in those districts. These funds balances help support pensions and administrative expenditures anticipated for FY2004-05.

## PERSONNEL SUMMARY

This table provides information on the number of full time equivalent (FTE) staff over four budget periods and changes to the authorized number of positions by cost center for fiscal year 2004-05. The table captures all transfers, position additions/deletions, as well as positions added through the GAP process. Explanations of these changes are detailed at the cost center level in the Departmental Budgets section of this document.

### Number of Full Time Equivalent Personnel

	2001-02 Revised	2002-03 Revised	2003-04 Adopted	2003-04 Revised	Transfers as of 7/01/04	GAP (New) Requests	2004-05 Adopted
<b>General Government</b>							
Mayor and Council	4.000	4.000	4.000	4.000	0.000	0.000	4.000
City Clerk	6.000	6.000	6.000	6.000	0.000	0.000	6.000
<b>City Manager</b>							
City ManagerAdministration	8.750	9.000	9.000	9.000	0.000	0.000	9.000
Info Tech Administration	0.000	0.000	9.000	10.000	1.000	0.000	11.000
GIS/IT Applications & Data System	5.000	6.000	17.000	18.000	0.000	0.000	18.000
IT Infrastructure & Client Support	30.000	36.000	16.000	17.000	(1.000)	0.000	16.000
Human Resources	17.000	17.000	17.000	17.000	0.000	0.000	17.000
Economic Development	6.000	6.000	6.000	6.000	0.000	0.000	6.000
Downtown Redevelopment	1.000	2.000	2.000	2.000	0.000	0.000	2.000
	<b>67.750</b>	<b>76.000</b>	<b>76.000</b>	<b>79.000</b>	<b>0.000</b>	<b>0.000</b>	<b>79.000</b>
<b>Communications/Public Affairs</b>							
Communications/Public Affairs	11.000	9.000	9.000	9.000	0.000	0.000	9.000
Video Production	0.000	3.000	3.000	3.000	0.000	0.000	3.000
Administrative Services	5.000	6.000	6.000	6.000	0.000	0.000	6.000
	<b>16.000</b>	<b>18.000</b>	<b>18.000</b>	<b>18.000</b>	<b>0.000</b>	<b>0.000</b>	<b>18.000</b>
<b>City Magistrate</b>	<b>40.000</b>	<b>41.000</b>	<b>41.000</b>	<b>41.000</b>	<b>0.000</b>	<b>0.000</b>	<b>41.000</b>
<b>Law</b>	<b>23.000</b>	<b>25.000</b>	<b>25.000</b>	<b>25.000</b>	<b>0.000</b>	<b>0.000</b>	<b>25.000</b>
<b>Subtotal - General Government</b>	<b>156.750</b>	<b>170.000</b>	<b>170.000</b>	<b>173.000</b>	<b>0.000</b>	<b>0.000</b>	<b>173.000</b>
<b>Community Services</b>							
Center for the Arts	9.000	9.000	9.000	9.000	0.000	0.000	9.000
Parking Garage	1.000	0.000	0.000	0.000	0.000	0.000	0.000
Building and Facilities	34.000	34.000	34.000	34.000	0.000	0.000	34.000
Administration	4.000	5.000	5.000	5.000	1.000	0.000	6.000
Library	56.750	63.250	63.250	63.250	0.000	0.000	63.250
Parks Development/Operations	43.500	45.500	45.500	45.500	0.000	0.000	45.500
Recreation	21.000	22.125	22.125	22.125	(1.000)	0.000	21.125
	<b>169.250</b>	<b>178.875</b>	<b>178.875</b>	<b>178.875</b>	<b>0.000</b>	<b>0.000</b>	<b>178.875</b>
<b>Management Services</b>							
Administration	11.000	11.000	5.000	7.500	0.000	0.000	7.500
Budget	0.000	0.000	6.000	6.000	0.000	0.000	6.000
Purchasing	13.000	13.000	13.000	13.000	(4.000)	0.000	9.000
Central Supply	0.000	0.000	0.000	0.000	4.000	0.000	4.000
Accounting	16.000	16.000	16.000	16.000	0.000	0.000	16.000
Licensing/Tax/Utility Services	35.000	34.000	36.000	37.000	0.000	0.000	37.000
Risk Management	4.000	7.000	7.000	7.000	0.000	0.000	7.000
Environmental Management	3.000	3.000	3.000	3.000	0.000	0.000	3.000
Fleet Services	14.000	14.000	14.000	14.000	0.000	0.000	14.000
	<b>96.000</b>	<b>98.000</b>	<b>100.000</b>	<b>103.500</b>	<b>0.000</b>	<b>0.000</b>	<b>103.500</b>
<b>Planning and Development</b>							
Neighborhood Programs	1.000	2.000	2.000	2.200	0.000	0.000	2.200
Administration	14.000	14.000	14.000	14.000	0.000	0.000	14.000
Current Planning	16.000	16.000	16.000	16.000	0.000	0.000	16.000
Long Range Planning	4.000	4.000	4.000	4.000	0.000	0.000	4.000
Development Services	59.000	59.000	59.000	59.000	0.000	0.000	59.000
Housing and Redevelopment	23.000	24.800	24.800	23.800	0.000	0.000	23.800
Community Development	5.000	5.200	5.200	6.000	0.000	0.000	6.000
	<b>122.000</b>	<b>125.000</b>	<b>125.000</b>	<b>125.000</b>	<b>0.000</b>	<b>0.000</b>	<b>125.000</b>

Budget Message and Overview

Number of Full Time Equivalent Personnel (continued)

	2001-02 Revised	2002-03 Revised	2003-04 Adopted	2003-04 Revised	Transfers as of 7/01/04	GAP (New) Requests	2004-05 Adopted
<b>Police</b>							
Administration	15.000	15.000	15.000	13.000	0.000	0.000	13.000
Professional Standards	13.000	8.000	8.000	8.000	0.000	0.000	8.000
Property and Evidence	4.000	4.000	4.000	4.000	0.000	0.000	4.000
Forensic Sciences	14.000	15.000	15.000	15.000	0.000	0.000	15.000
Field Operations	191.000	205.000	205.000	210.000	0.000	0.000	210.000
Criminal Investigations	51.000	64.000	64.000	65.000	0.000	0.000	65.000
Planning and Research	9.000	9.000	9.000	7.000	0.000	0.000	7.000
Communications	46.000	46.000	46.000	48.000	0.000	0.000	48.000
Records	21.000	23.000	23.000	23.000	0.000	0.000	23.000
Detention Services	8.000	8.000	8.000	8.000	0.000	0.000	8.000
Community Services	32.000	34.000	34.000	34.000	0.000	0.000	34.000
Neighborhood Services	32.000	16.000	16.000	16.000	0.000	0.000	16.000
	<b>436.000</b>	<b>447.000</b>	<b>447.000</b>	<b>451.000</b>	<b>0.000</b>	<b>0.000</b>	<b>451.000</b>
<b>Fire</b>							
Administration	12.500	5.500	5.500	6.500	0.000	1.000	7.500
Emergency Medical Services	0.000	6.000	6.000	6.000	0.000	0.000	6.000
Operations	157.000	155.000	155.000	154.000	0.000	15.000	169.000
Prevention	6.000	6.000	6.000	6.000	0.000	0.000	6.000
Support Services	0.000	5.000	5.000	5.000	0.000	0.000	5.000
Training	0.000	4.000	4.000	4.000	0.000	0.000	4.000
	<b>175.500</b>	<b>181.500</b>	<b>181.500</b>	<b>181.500</b>	<b>0.000</b>	<b>16.000</b>	<b>197.500</b>
<b>Municipal Utilities</b>							
Administration	6.000	4.500	4.500	5.000	1.000	0.000	6.000
Solid Waste Services	23.500	24.500	24.500	24.500	0.000	0.000	24.500
Water Distribution	30.000	31.000	31.000	31.000	0.000	0.000	31.000
Water Treatment Plant	39.000	39.000	36.000	35.000	(15.000)	0.000	20.000
Environmental Resources	8.000	12.000	12.000	12.000	0.000	0.000	12.000
Water Quality	11.750	12.750	12.750	12.750	1.250	0.000	14.000
Water Production Facility	0.000	0.000	0.000	0.000	13.000	0.000	13.000
Wastewater Collection	13.000	12.000	12.000	12.000	0.000	0.000	12.000
Wastewater Reverse Osmosis	11.000	11.000	11.000	11.000	0.000	0.000	11.000
Wastewater Treatment	2.000	2.000	2.000	2.000	0.000	0.000	2.000
Wastewater Quality	5.250	5.250	5.250	5.250	(1.250)	0.000	4.000
Airport Water Reclamation Facility	9.000	9.000	14.000	15.000	1.000	0.000	16.000
	<b>158.500</b>	<b>163.000</b>	<b>165.000</b>	<b>165.500</b>	<b>0.000</b>	<b>0.000</b>	<b>165.500</b>
<b>Public Works Department</b>							
Administration	6.000	3.500	3.500	4.000	0.000	0.000	4.000
Engineering	55.000	56.000	56.000	49.000	0.000	0.000	49.000
Transportation/Operations Admin.	7.000	6.625	6.625	6.625	0.000	0.000	6.625
Real Estate	0.000	0.000	0.000	7.000	0.000	0.000	7.000
Streets	35.500	35.500	35.500	35.500	0.000	1.000	36.500
Traffic Engineering	26.000	26.000	26.000	26.000	0.000	1.000	27.000
Transit Services	3.000	3.000	3.000	3.000	0.000	0.000	3.000
Street Sweeping	8.000	8.000	8.000	8.000	0.000	0.000	8.000
Airport	6.000	6.000	6.000	6.000	0.000	0.000	6.000
	<b>146.500</b>	<b>144.625</b>	<b>144.625</b>	<b>145.125</b>	<b>0.000</b>	<b>2.000</b>	<b>147.125</b>
<b>CITY TOTAL</b>	<b>1460.500</b>	<b>1508.000</b>	<b>1512.000</b>	<b>1523.500</b>	<b>0.000</b>	<b>18.000</b>	<b>1541.500</b>
<b>Population <sup>(1)</sup></b>	<b>201,263</b>	<b>211,984</b>	<b>224,626</b>	<b>224,951</b>			<b>233,681</b>
<b>Employees Per 1,000 Population</b>	<b>7.3</b>	<b>7.1</b>	<b>6.7</b>	<b>6.8</b>			<b>6.6</b>

(1) Population figures represent actual on June 30 for 2001-02 and 2002-03. The 2003-04 Revised is based on the most current projection for June 30, 2004; the 2004-05 figure is a June 30, 2005 projection as provided by Long Range Planning.

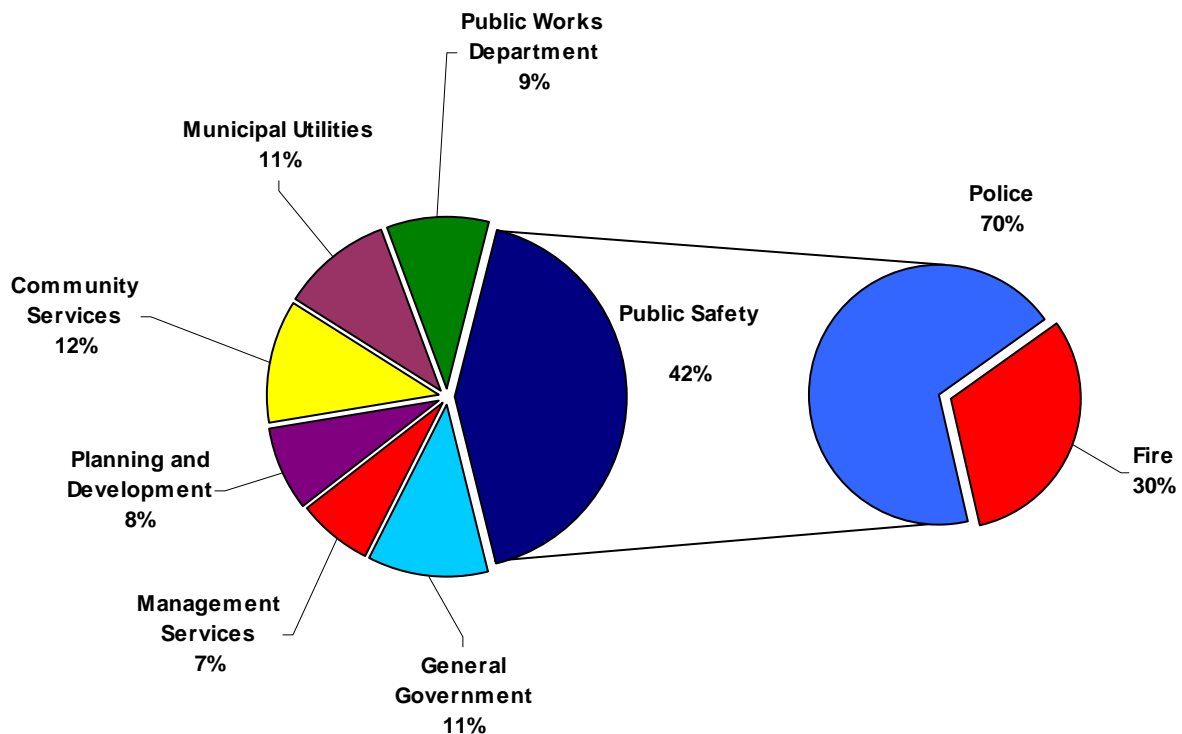


## PERSONNEL SUMMARIES

The table and chart below reflect the percentage of personnel by department and the number of Full Time Equivalent (FTE) staff by department for fiscal year 2004-05.

### PERSONNEL SUMMARY – FTE

	2004-05 FTE	%
General Government	173.00	11.2%
Management Services	103.50	6.7%
Planning and Development	125.00	8.1%
Community Services	178.88	11.6%
Municipal Utilities	165.50	10.7%
Public Works Department	147.13	9.5%
Police	451.00	29.3%
Fire	197.50	12.8%
<b>TOTAL FTE</b>	<b>1,541.50</b>	<b>100.0%</b>



### New Positions for Fiscal Year 2004-05 (all funds)

2210 - Fire Administration	1.0	Fire Citizen Advocacy Supervisor
2230 - Fire Operations	15.0	Firefighters (Desert Breeze)
	<b>16.0</b>	<b>- TOTAL FIRE POSITIONS</b>

### Public Works - Additions Proposed

3300 - Streets	1.0	Streets Specialist
3330 - Traffic Engineering	1.0	Traffic Engineer Inspector
	<b>2.0</b>	<b>- TOTAL PUBLIC WORKS POSITIONS</b>

**18.0 - GRAND TOTAL**

The 1.0 Fire Citizen Advocacy Supervisor position is added based on Council Amendments and 15.0 Fire positions are added to staff the new Desert Breeze Fire Station #9. The 2.0 additional Public Works positions are added due to the continued increase in work due to new streets plus required repairs to existing streets, sidewalks, and handicap ramps as shown in the Capital Improvement Program.

The chart below shows Chandler's population growth over the past decade and the number of employees per 1,000 population.

